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RUEHG/E/AMEMBASSY GEORGETOWN PRIORITY 0961
RUEHKG/AMEMBASSY KINGSTON PRIORITY 2733
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 1095
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4584
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1795
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SUBJECT: DOMINICAN POLITICS III #24: PRD CANDIDATE VARGAS MALDONADO PREVIEWS CAMPAIGN THEMES

(U) This is the 24th cable in our series on Dominican politics in the third year of the administration of President Leonel Fernandez.

PRD CANDIDATE VARGAS MALDONADO PREVIEWS CAMPAIGN THEMES

(U) On April 25, the Santo Domingo Diplomatic Corps hosted a breakfast meeting for Miguel Vargas Maldonado, the presidential candidate for the Dominican Revolutionary Party (PRD). The DCM and POLOFF attended the event.

(SBU) The themes espoused by Vargas in his remarks, as well as in the question-and-answer session that followed, are also likely to be used in his 2008 campaign against the candidate of the ruling Dominican Liberation Party (PLD), who will be chosen on May 6. Vargas argued that:

-- President Leonel Fernandez of the PLD has made many promises to the Dominican people, but has kept very few of them.

-- Government spending on health and education is woefully low; in fact, the Fernandez Administration is violating the constitutionally mandated budgetary minimum for health.

-- The Santo Domingo metro transportation project is far too costly and puts a considerable strain on social spending.

-- The Fernandez administration's three fiscal reform packages have resulted in little except higher taxes for the working class.

(SBU) Vargas was frank about the performance of the last PRD administration, led by President Hipolito Mejia from 2000 to 2004, in which he served as Minister of Public Works. Vargas said since the PRD was the country's largest political party, he can explain Mejia's re-election loss in 2004 only as resulting from traditional PRD supporters who voted to "punish" the party for its job performance. Vargas acknowledged the PRD's "poor management" of the 2003 banking crisis, which developed into a full-scale economic downturn for the country.

(SBU) Vargas said he was committed to solving the problem of party disunity that has plagued the PRD in recent years, particularly since Mejia's controversial push for and passage of a constitutional amendment permitting presidential re-election. Vargas said that while negotiations within the party have been tough at times, agreement is emerging. He plans to announce a unified campaign team on May 16 (one year before the election). The PRD candidate said that the party needs "renovation." He expressed a desire that the party's leadership be a mix of youth and experience, and singled out Youth Wing President Wellington Arnaud for special mention.

(SBU) In brief comments during the question-and-answer session, Vargas:

-- Said that given the large amount of resources already invested, he would have no choice but to complete the metro project, but that he would seek a public-private sector partnership to reduce or eliminate the system's operating subsidy. In the future, all major infrastructure projects should be developed on a bipartisan basis so that they can be pursued over a period of ten years or more.

-- Dodged a question on the practice of presidential re-election, saying that he acknowledged Fernandez's constitutional right to run. He asserted that the diversion of state resources to political campaigns was rampant.

-- Said that he plans to deregulate foreign investment in the tourism sector -- "We won't open the door (to investment); we'll remove the door altogether."

-- Said that the electricity sector remains deeply troubled and that the principal problem is distribution, not generation.

-- Evaded a question on whether the PRD would seek an electoral alliance with the Reformista Party (PRSC), saying that his campaign wants to bring in many different types of groups in society.

-- Declared himself in full support of the joint U.S.-Brazil pilot project for assistance to the biofuels industry.

(SBU) COMMENT: Vargas Maldonado knows that the economic crisis of 2003-2004, which occurred under his party's watch, left a bad taste left in the mouths of the Dominican people. However, the PRD has an impressive nationwide organization, and Vargas has clearly made progress in developing and refining his campaign themes since he won the PRD party primary in January. The ruling PLD is very strong but the May 2008 election will be no cakewalk.

-- Drafted by Peter Hemsch

¶2. (U) This report and extensive other material can be consulted on our SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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